

## Message Text

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PAGE 01 SANTIA 05562 261650Z

ACTION ARA-14

INFO OCT-01 ISO-00 OES-09 INT-05 AID-05 CIAE-00

COME-00 EB-08 FRB-03 INR-10 NSAE-00 ICA-11

TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01

/079 W

-----066945 271832Z /50

R 261536Z JUL 78

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 9966

INFO AMEMBASSY LIMA

AMEMBASSY LA PAZ

AMEMBASSY BUENOS AIRES

AMEMBASSY BRASILIA

LIMITED OFFICIAL USE SANTIAGO 5562

E.O. 11652: N/A

TAGS: EINV, EMIN, CI

SUBJ: AVALANCHES CLOSE EXXON'S LA DISPUTADA MINE

REF: SANTIAGO 0564, SANTIAGO 1790

1. ACCORDING TO JOHN FINLEY, GENERAL MANAGER OF LA DISPUTADA, A MEDIUM-SIZED COPPER MINE (37,000 MTS) RECENTLY PURCHASED BY EXXON MINERALS, THE MINE'S PRODUCTIVE CAPACITY HAS BEEN TOTALLY WIPED OUT BY THREE NEARLY SIMULTANEOUS AVALANCHES. THE UNDERGROUND MINE ITSELF WAS UNDAMAGED, BUT ALL THE SUPERFICIAL STRUCTURES WERE SEVENTY-FIVE PERCENT DESTROYED. WITHIN THE CONCENTRATOR PLANT, THE FLOATATION AND FILTERING FACILITIES ARE TOTAL LOSSES. THE AERIAL TRAMWAY WAS BADLY DAMAGED. THE ROD AND BALL MILLS APPEAR TO HAVE SURVIVED, BUT THEIR STRUCTURES WERE DESTROYED. BECAUSE THE AVALANCHES HIT OUT OF WORKING HOURS, AT 2:50 A..M., THURSDAY, JULY 20, THERE WAS NO LOSS OF LIVES.

2. EXXON OFFICIALS ESTIMATE THAT THE DAMAGE COST COULD RUN AS  
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PAGE 02 SANTIA 05562 261650Z

HIGH AS \$10 MILLION, AND TIME TO RESUME PRODUCTION AT SIX MONTHS. WITH THE LOW CURRENT COPPER PRICE AND THE HIGH, EXTRAORDINARY START-UP COSTS, IT MAY WELL BE THAT EXXON WILL NOT PUT THE MINE BACK INTO PRODUCTION. IN OTHER WORDS, A COST-BENEFIT ANALYSIS MAY SHOW THAT THE MOST ECONOMICALLY RATIONAL DECISION WOULD BE TO WRITE THE OLD MINE OFF AND PROCEED WITH EXISTING PLANS TO BUILD A LARGE-SCALE, OPEN PIT MINE. WHATEVER EXXON'S DECISION, FINLEY

SAYS THAT THE EXPLORATION PROGRAM WILL CONTINUE UNINTERRUPTED.

3. EXXON AND GOC OFFICIALS ARE FURTHER CONCERNED WITH THE  
EMPLOYMENT CONSEQUENCES OF THIS UNHAPPY EVENT IN THAT WITH THE  
MINE OUT OF PRODUCTION, SOME LARGE NUMBER OF EMPLOYEES WILL HAVE  
TO BE LAID OFF OR FIRED. LA DISPUTADA EMPLOYS ABOUT 1,000  
WORKERS. EXXON OFFICIALS SAY THAT EXISTING LABOR CONTRACTS PROVIDE  
FOR A DISASTER EVENTUALLY BY A FORCE MAJEURE CLAUSE. NEVERTHELESS,  
HOW MANY WORKERS WILL LOSE THEIR JOBS AND UNDER WHAT CONDITIONS  
MAY BECOME A STICKY QUESTION.  
LANDAU

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATURAL DISASTERS, MINING INDUSTRY  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 26 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978SANTIA05562  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780308-0837  
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**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 SANTIAGO 564, 78 SANTIAGO 1790  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1879582  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AVALANCHES CLOSE EXXON'S LA DISPUTADA MINE  
**TAGS:** EINV, EMIN, CI, EXXON  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014